

**California Latino Legislative Caucus  
Foundation**

**Economic Development Summit**

**Policy Recommendations**

**Thursday, November 6, 2008 &  
Friday, November 7, 2008  
St. Regis Hotel  
San Francisco, CA**

### **Highlight of Facts Provided:**

- California's smallest businesses represent 88% of all businesses in California.
- This equates to 2,697,510 economic generators creating jobs, paying taxes, and revitalizing Main Street.
- Micro enterprises accounted for 19.2% of all employment in California in 2003, providing jobs for 3,305,272 people.
- In 2002, micro enterprises generated over \$238 billion in taxable revenue for the state.
- Nearly 2,700 biotechnology companies and more than 100 universities and research organizations employ 260,000 Californians – more than the telecommunications, aerospace or motion picture industry.
- Small Businesses in California:
  - Asian 330,000
  - Latino 140,000
  - African American 86,000
- Small minority owned business must be encouraged
  - 54% of the population are minority
  - 32% of the firms are minority
  - 16.8% of all sales come from minority businesses.

### **Policy Recommendations to Consider:**

- Recreate the downtowns with small businesses by providing locally based business owners with tax credits and incentives (non-chain, box store, companies).
- Encourage locally grown produce and farmers markets in urban areas. This will shift the economic distribution of wealth back into locally based economies.
- Allocate a percentage of state procurement from small and local businesses, particularly minority owned businesses if federal funding is part of the funding stream for such state procurements.
- Develop policies that effectively increase energy transfer more efficiently (revamp the electric energy grid, electric usage). Modernizing the electrical grid will require more labor, thus increasing the potential for Latino labor in construction and electrical maintenance.

- Develop creative policies to allow green technology manufacturers to enter Latino areas so they may hire local labor force.
- Accelerate the turnover of vehicle fleets from 19 to 13 years, increasing vehicle sale purchases of more fuel efficient trucks and other fleets.
- Provide financial assistance for the purchase of 30 MPG vehicles: Low interest loans for low and moderate income individuals. Providing such assistance would reduce initial purchasing barriers for low and moderate income groups to purchase fuel efficient vehicles, much like what California did with Energy rebates. Doing so allows more money to be used at home rather than on fuel cost.
- Change transportation mentality: Improve public transportation by addressing funding sources based on green requirements of AB 32. Ex. Light rail works in San Francisco because it's a priority.
- Reward people for not driving as much (lower insurance, tax credits, etc.).
- Provide flexible alternative transportation (van pools, car pools, etc).
- Encourage companies to offer van pools or shuttles to and from public transportation. Google, Intel, other tech firms working with the Local Business Chamber provide this benefit and it's a tax write off. The Ecopass in Santa Clara County is also another venture to consider, as it provides transit passes for employees that are funded by business.
- Consider reforming Proposition 13 by splitting the rolls of commercial property and residential property.
- Consider changing the discrepancy in tax structure that negatively impacts new commercial developers as they are at a disadvantage in comparison to older commercial property owners not being reassessed at current market value.
- Reduce or eliminate taxes or create a tax credit on new investments for small business manufacturing equipment. California is only one of four states to implement such a tax.
- Reduce tangible business property which is placed on top of current sales tax. Reducing such a burden for small businesses would allow them the opportunity to expand their businesses. Exempting tangible business property taxes for the first \$500,000 on small businesses would provide local economic engines greater ability to create jobs.
- Provide small business tax exemption for new manufacturing for green technology, particularly in high poverty redevelopment zones. Locally based manufacturing will expand California's ability to export green products.

- Develop a statewide Job strategy: Leadership must come from the Governor down.
- Develop a state position that works on job creation and state wide job creation strategy. All other states have such a department. California's Business, Transportation, and Housing Department attempted such an effort, but job creation needs a focused sustained effort.
- Retain manufacturing already established in California: specifically green and bio tech manufacturing for the future of the states economy. Focus on the cutting edge manufacturing so that we can retain the technology here with skilled labor.
- Offer special enterprise zone status to all small, green technology, or bio technology companies that are starting off or relocating to the state. Small business manufacturers that are green based would benefit from the lower start up cost.
- Support and invest in the existing network of local economic developers. Create an incentive for the private sector to invest in state and local economic development ventures.
- Encourage the use of federal Community Development Block Grants (CDBG) to bolster local economic development projects & programs; particularly if they are packaged in a way to leverage with private funding for new technology markets and manufacturing. Such projects will not cost the state any money.
- Encourage the increase of federal funding for CDBG funding, full funding for the SBA Micro Loan Fund, and alternative energy development and career technical training.
- Work with the Public Utilities Commission on the approval of ratepayer funding for infrastructure enhancements. The future economy will need a smart grid capable of carrying a large capacity of power.
- Invest in the state economic development infrastructure bank.
- Encourage joint ventures, creating a "one stop capital shop" for public sector business loan & grant programs. Leverage existing state funds to enhance business opportunities.
- Develop a statewide land development program that has sites ready for development use, "ready to go land." Site readiness (90 days to start work or turn to dirt) provides incentive to communities who develop sites.
- Work with local governments to ensure land can be prepared for development as quickly as possible.

- Re-establish the state one stop permit system. Such a program would stream line application procedures and cost/time associated with filing requirements.
- Expand all state workforce programs especially at community colleges. Build technical and skilled trades that are tied to the needs of current demand and green technology.
- Encourage Latino small businesses to pursue Small Business Loans instead of RLF or a state loan guarantee. This is the single largest access to capital program for Latino businesses and California gets a disproportionate share of the national SBA loans.
- Protect Redevelopment Funding. Create a statewide vision of what redevelopment should encourage and promote across the state.
- Be creative with Redevelopment: identify the needs for business development (green, manufacturing, biotechnology, etc.) and how joint ventures between the state and private sector can become mutually beneficial.
- Accelerate the projects funded by the 27.5 billion dollars from Proposition 1B, 1C, and 84. Rapid construction implementation is needed to stimulate local economy.
- Encourage the Federal Government to release federal funding for public works. California has \$26 billion in projects – from airports to roads – that are stalled until additional federal funding becomes available.
- Leverage existing and future projects with funding resources from public and private partnerships.
- Pass water legislation that will address the issue of water but also create jobs.
- Develop water projects that create jobs; aquifers, dams, storage and river clean up, water recycling infrastructure (purple pipes), etc.
- Reintroduce and sign the Lockyer Green Building Bond. The bond will allow for job stimulus within the state and energy efficiency will reduce cost for the state.
- Encourage Joint Ventures with local governments and special districts on green technology upgrades (solar panel roofs, energy efficiency, etc).Ex. Banc of America, Chevron, and the San Jose Unified joint venture. Joint venture financing options are great capitol projects for entities that are unable to provide up front capitol for such ventures. Such projects can potentially qualify for tax credits: Renewable Energy Credits, federal tax incentives, etc.
- Encourage Leadership in Energy and Environmental Design (LEED) in California beyond the current building requirements? (Ex. remodeling older buildings, etc.)

- Use Enterprise zones to promote clean or biotechnology zones.
- Implement Universal Health Care/ Affordable Health Care: The potential exists to reduce the overall business cost structure for employers, especially small businesses owners.
- Create a universal risk insurance pool that provides short-term, stop-loss protection to families whose income (after taxes and public benefits) suddenly declines by a fifth or more due to job loss or catastrophic health expenses. All but the riches families would be eligible, but the program would be most generous for low-income families. Such shifts in catastrophic health expenses would allow families to retain income that would be shifted to insurance cost.
- Create a trust fund for all children in California, initially \$6,000, to build a savings and ownership culture.
- Allow all workers to contribute automatically to their own personal retirement savings accounts, Universal 401K Plan. AB 2940 (De León), was an example of such efforts. The current retirement structures allow only half of all workers to contribute. Moreover, two-thirds of the tax breaks for retirement saving go to the most affluent 20 percent who would save anyway.